FINANCIAL CRISES, BUBBLES AND CRASHES

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Description:

Financial crises are a recurrent feature in modern economies. There were as common in the 19th century as they are today. This course examines financial crises, banking collapses, and credit crunches over the last 200 years. Starting with the subprime crisis, it analyses underlying factors that generate instability in financial markets. Using a mix of recent and historical episodes, the course examines the causes and consequences of banking crises and of asset price bubbles, and concludes with a discussion of policy implications.

* starred readings will receive particular emphasis in class.

Background Readings


1 Introduction and Overview: Financial Crises, Crashes and Bubbles


2 Banking crises and credit booms gone wrong

Theory and stylized facts


*The Subprime Crisis*


*The Great Depression and Financial Instability*


*The East Asian Crisis*


3 Bubbles

Theoretical background

Bubbles and Liquidity
Hong, Harrison, Jose Scheinkman and Wei Xiong, 2006, "Asset Float and Speculative Bubbles", Journal of Finance.

Dotcom Mania

The South Sea Bubble

1929 and the 20s boom


**Experimental evidence**


**4 Policy Implications: Central Banks and Asset Prices**


